

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Burtchville Township	County St. Clair
Audit Date March 31, 2006	Opinion Date May 11, 2006	Date Accountant Report Submitted to State: July 27, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Stewart, Beauvais & Whipple PC			
Street Address 1979 Holland Avenue	City Port Huron	State MI	ZIP 48060
Accountant Signature <i>Stewart, Beauvais & Whipple</i>		Date July 27, 2006	

BURTCHVILLE TOWNSHIP, MICHIGAN

ANNUAL FINANCIAL STATEMENTS
with Supplementary Information

FOR THE YEAR ENDED
MARCH 31, 2006

Stewart,
Beauvais
& Whipple P.C.

CERTIFIED PUBLIC ACCOUNTANTS



BURTCHVILLE TOWNSHIP, MICHIGAN

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BURTCHVILLE TOWNSHIP, MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Township Board
Burtchville Township
St. Clair County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burtchville Township, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Burtchville Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burtchville Township, Michigan, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 6, and schedules of budgetary comparisons on pages 31 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burtchville Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants

May 11, 2006

OVERVIEW OF THE FINANCIAL STATEMENTS

Burtchville Township's 2006 annual report is presented in conformity with the requirements of GASB 34. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and other supplemental information, which presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Financial Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Township's net assets and how they have changed. Net assets, defined as the difference between the Township's assets and liabilities, are one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into two categories:

Governmental activities – most of the Township's basic services are included here, such as the fire, public works, and general administration. Property taxes, state-shared revenue, charges for services, provide most of the funding.

Business-type activities – the Township charges fees to customers to help it cover the costs of certain services it provides. The Township's only business type activity is the water supply system.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and/or by bond covenants. The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

Governmental funds - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Proprietary funds - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The only proprietary fund is the Water Fund.

Fiduciary Funds – The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township’s fiduciary activities are reported in a separate statement of assets and liabilities. We exclude these activities from the Township’s government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL OVERVIEW (Government-wide financial analysis)

The Township has combined total net assets of \$9,989,298. This is an increase of \$243,708 over 2005. Government-type activities comprise \$2,093,319, and business-type activities make up \$7,895,979 of the total net assets. In a condensed format, the table below shows net assets as of the March 31, 2006 and 2005:

	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
Assets				
Current assets	\$ 918,782	\$ 947,640	\$ 757,501	\$ 1,543,258
Restricted assets	64,300	61,728	3,049,948	3,132,497
Noncurrent assets	<u>1,199,109</u>	<u>1,144,231</u>	<u>8,360,053</u>	<u>9,701,195</u>
Total assets	<u>2,182,191</u>	<u>2,153,599</u>	<u>12,167,502</u>	<u>14,376,950</u>
Liabilities				
Current liabilities	88,872	90,301	20,120	111,706
Liabilities payable from restricted assets	-	-	81,403	82,731
Long-term liabilities	<u>-</u>	<u>-</u>	<u>4,170,000</u>	<u>4,436,923</u>
Total liabilities	<u>88,872</u>	<u>90,301</u>	<u>4,271,523</u>	<u>4,631,360</u>
Net Assets				
Invested in capital assets –				
Net of related debt	1,199,109	1,144,231	4,190,053	5,264,272
Restricted	355,646	355,646	2,968,545	3,343,684
Unrestricted	<u>538,564</u>	<u>563,421</u>	<u>737,381</u>	<u>1,137,634</u>
Total net assets	<u>\$ 2,093,319</u>	<u>\$ 2,063,298</u>	<u>\$ 7,895,979</u>	<u>\$ 9,745,590</u>

The Township governmental activities experienced a net change in assets of \$30,021. The business-type activities experienced a net change of assets of \$213,687.

The following table shows the changes in net assets for 2006 and 2005:

	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
Revenue				
Program revenue:				
Charges for services	\$ 159,727	\$ 155,682	\$ 701,881	\$ 770,535
Operating grants and contributions	18,066	16,769	134,467	16,769
Capital Grants and contributions	56,366	-	-	125,553
General revenue:				
Property taxes	246,514	236,945	-	236,945
State-shared revenue	272,170	272,828	99,581	272,828
Unrestricted investment earnings	33,631	17,506	-	82,333
Franchise fees	22,636	22,137	-	22,137
Total Revenue	809,110	721,867	935,929	1,527,100
Program Expenses				
General government	268,565	279,962	-	279,962
Public safety	196,489	184,891	-	184,891
Public works	213,819	188,114	-	188,114
Recreation and cultural	45,130	35,475	-	35,475
Loss on demolition of building	55,086	-	-	-
Water services	-	-	722,242	724,557
Total Program Expenses	779,089	688,442	722,242	1,412,999
Changes in net assets	\$ 30,021	\$ 33,425	\$ 213,687	\$ 114,101

Governmental Activities

Revenues for governmental activities totaled \$809,110 in 2006. Of this amount \$246,514 was from property taxes and \$272,170 from state shared revenues.

Business-type Activities

The Township has one business-type activity, the water operations. Total revenues were \$935,929 and expenses were \$722,242 for a change in net assets of \$213,687. Water is provided to the Township residents via the Detroit Water and Sewer Department.

FINANCIAL ANALYSIS OF MAJOR TOWNSHIP FUNDS AND BUDGETS

Governmental Fund

The General fund ended 2006 with a fund balance of \$531,783, with \$151,652 reserved for an advance to the fire department for the purchase of a fire truck, that will be repaid over a the next six (6) years. The remaining fund balance of \$380,131 is unreserved and undesignated. This is an increase of \$558 from the prior year.

The General Fund budget was amended throughout the year as deemed necessary, primarily to prevent over expenditure. There were no significant general fund amends during the year.

The Building Inspection Fund budget was amended during the year with the most significant amendment adding \$10,000 of expenditures for building inspections.

Business-type Activities

As indicated earlier, the Township has one business-type activity, the water operations. Total revenues were \$935,929 and expenses were \$722,242 for a change in net assets of \$213,687. Water is provided to the Township residents via the Detroit Water and Sewer Department. The Township has established a System Improvement/Equipment Replacement account which had a balance of \$151,851 at March 31, 2006.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township had \$9,559,162 invested in capital assets for its government and business-type activities (net of accumulated depreciation) as of March 31, 2006. The investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles and water lines. During the year the Township added \$166,381 of capital assets, all of which was in the government-activities.

The table below summarizes the capital assets at March 31, 2006 and 2005:

	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
Land	\$ 50,406	\$ 50,406	\$ -	\$ 50,406
Land improvements	151,301	151,301	-	151,301
Building	582,001	696,575	-	696,575
Equipment	851,192	777,604	45,236	822,840
Water system	82,172	-	9,795,689	9,795,689
	<u>1,717,072</u>	<u>1,675,886</u>	<u>9,840,925</u>	<u>11,516,811</u>
Accumulated depreciation	(517,963)	(531,655)	(1,480,872)	(1,815,616)
	<u>\$ 1,199,109</u>	<u>\$ 1,144,231</u>	<u>\$ 8,360,053</u>	<u>\$ 9,701,195</u>

Additional information on the Township's capital assets can be found in Note 8.

Long-Term Debt

At March 31, 2006 the Township's business-type activities had debt outstanding of \$4,170,000, a decrease of \$266,923 from the prior year. This debt is related to the construction of the water supply system.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

For the 2006/2007 fiscal year (4/30/06-3/31/07), the Township Board adopted a balanced budget. Although local municipalities in the State of Michigan have seen State Shared Revenues decrease significantly during the past few years, the 2007 budget does not anticipate any further cuts because of Michigan's constitutional guarantees as to revenue sharing. Additionally, present Township revenues will be enhanced by receipt of federal, state and local grants to assist in construction of the Township's portion of the Bridge to Bay bike trail. Also, the Township will be selling the former precinct two property which has been determined to be surplus property and is now vacant land. The sale of this property will assist in offsetting the costs of constructing a new Township library building.

CONTACTING THE TOWNSHIP

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, we invite you to contact Burtchville Township, 4000 Burtch Road, Lakeport, Michigan, 48059, or call the Township Hall at (810) 385-5577.

BASIC FINANCIAL STATEMENTS

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan
STATEMENT OF NET ASSETS
MARCH 31, 2006

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 427,723	\$ 417,097	\$ 844,820
Investments	405,274	200,000	605,274
Receivables	35,326	109,956	145,282
Due from other governmental units	45,079	-	45,079
Prepaid expenses	21,504	-	21,504
Internal balance	(16,124)	16,124	-
Inventory	-	14,324	14,324
Restricted Assets -			
Cash and cash equivalents	6,988	166,709	173,697
Investments	47,373	1,375,036	1,422,409
Deposits with St. Clair County DPW	-	30,330	30,330
Receivable	9,939	1,477,873	1,487,812
Capital assets (net of accumulated depreciation)			
Assets not being depreciated	132,578	-	132,578
Assets being depreciated	1,066,531	8,360,053	9,426,584
Total Assets	<u>2,182,191</u>	<u>12,167,502</u>	<u>14,349,693</u>
LIABILITIES:			
Payables and accrued liabilities	32,872	20,120	52,992
Deferred revenue	56,000	-	56,000
Liabilities payable from restricted assets	-	81,403	81,403
Non-current liabilities			
Due within one year	-	265,000	265,000
Due in more than one year	-	3,905,000	3,905,000
Total Liabilities	<u>88,872</u>	<u>4,271,523</u>	<u>4,360,395</u>
NET ASSETS:			
Invested in capital assets, net of related liabilities	1,199,109	4,190,053	5,389,162
Net assets			
Restricted			
Construction/Debt	-	2,968,545	2,968,545
Other	355,646	-	355,646
Unreserved	<u>538,564</u>	<u>737,381</u>	<u>1,275,945</u>
Total Net Assets	<u>\$ 2,093,319</u>	<u>\$ 7,895,979</u>	<u>\$ 9,989,298</u>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General Government	\$ 268,565	\$ 38,166	\$ -	\$ -
Public Safety	196,489	72,566	-	56,366
Public Works	213,819	48,995	3,065	-
Recreation and Culture	45,130	-	15,001	-
Total governmental activities	<u>724,003</u>	<u>159,727</u>	<u>18,066</u>	<u>56,366</u>
Business type activities				
Water Fund	<u>722,242</u>	<u>701,881</u>	<u>-</u>	<u>134,467</u>
Total Primary Government	<u><u>1,446,245</u></u>	<u><u>861,608</u></u>	<u><u>18,066</u></u>	<u><u>190,833</u></u>

General revenues:

- Property taxes
- Grants and contribution not
restricted to specific programs
 - State Shared revenue
 - Franchise fees
- Unrestricted investment income
- Loss on demolition of building
- Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Assets

Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (230,399)	\$ -	\$ (230,399)
(67,557)	-	(67,557)
(161,759)	-	(161,759)
(30,129)	-	(30,129)
(489,844)	-	(489,844)
-	114,106	114,106
(489,844)	114,106	(375,738)
246,514	-	246,514
272,170	-	272,170
22,636	-	22,636
33,631	99,581	133,212
(55,086)	-	(55,086)
519,865	99,581	619,446
30,021	213,687	243,708
2,063,298	7,682,292	9,745,590
<u>\$ 2,093,319</u>	<u>\$ 7,895,979</u>	<u>\$ 9,989,298</u>

BURTCHVILLE TOWNSHIP**St. Clair County, Michigan**

**BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2006**

	<u>General</u>	<u>Fire Fund</u>	<u>Building Inspections</u>	<u>Parks and Recreation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 298,932	\$ 48,639	\$ 9,645	\$ 33,668	\$ 36,839	\$ 427,723
Investments	80,274	50,000	-	-	275,000	405,274
Receivables -						
Interest, accounts, and taxes	12,865	12,560	-	-	9,901	35,326
Due from other governmental units -						
Federal/State	45,079	-	-	-	-	45,079
Due from other funds	3,000	-	-	25,000	1,000	29,000
Advances to other funds	151,652	-	-	-	-	151,652
Restricted Assets-						
Cash and cash equivalents	-	-	-	-	6,988	6,988
Investments	-	-	-	-	47,373	47,373
Interest Receivable	-	-	-	-	9,939	9,939
 Total Assets	 <u>\$ 591,802</u>	 <u>\$ 111,199</u>	 <u>\$ 9,645</u>	 <u>\$ 58,668</u>	 <u>\$ 387,040</u>	 <u>\$ 1,158,354</u>

LIABILITIES AND FUND BALANCES**Liabilities:**

Payables -						
Accounts	\$ 12,663	\$ 1,292	\$ 2,170	\$ -	\$ 1,533	\$ 17,658
Accrued wages	2,983	4,975	-	-	-	7,958
Deferred revenue	-	-	-	56,000	-	56,000
Deposits	3,249	-	4,007	-	-	7,256
Due to other funds	41,124	-	3,000	-	1,000	45,124
Advances from other funds	-	151,652	-	-	-	151,652
 Total Liabilities	 <u>60,019</u>	 <u>157,919</u>	 <u>9,177</u>	 <u>56,000</u>	 <u>2,533</u>	 <u>285,648</u>

Fund Balances (Deficit):

Reserved -						
Advance to other funds	151,652	-	-	-	-	151,652
Cemetery Perpetual Care	-	-	-	-	63,300	63,300
Unreserved -						
Undesignated (Deficit) -						
General Fund	380,131	-	-	-	-	380,131
Special Revenue Funds	-	(46,720)	468	2,668	321,207	277,623
Total Equity (Deficit)	<u>531,783</u>	<u>(46,720)</u>	<u>468</u>	<u>2,668</u>	<u>384,507</u>	<u>872,706</u>
 Total Liabilities and Fund Equity	 <u>\$ 591,802</u>	 <u>\$ 111,199</u>	 <u>\$ 9,645</u>	 <u>\$ 58,668</u>	 <u>\$ 387,040</u>	 <u>\$ 1,158,354</u>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP

St. Clair County, Michigan

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET ASSETS
MARCH 31, 2006**

Fund Balances - total governmental funds	\$ 872,706
Amounts reported for governmental activities in the statement of net assets are different because:	
Prepaid Expenses recorded in the funds on the purchase method	21,504
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	1,717,072
Accumulated depreciation	<u>(517,963)</u>
Net Assets of governmental activities	<u>\$ 2,093,319</u>

The notes to the financial statements are an integral part of this statement.

BURTCHVILLE TOWNSHIP**St. Clair County, Michigan**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>General</u>	<u>Fire Fund</u>	<u>Building Inspections</u>	<u>Parks and Recreation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	\$ 82,027	\$ 108,357	\$ -	\$ -	\$ 56,130	\$ 246,514
Intergovernmental	275,235	56,366	-	15,001	-	346,602
Licenses and permits	22,108	-	69,730	-	-	91,838
Charges for services	62,054	-	-	-	16,947	79,001
Interest	16,811	8	179	483	11,963	29,444
Other	12,289	2,536	-	-	886	15,711
Total Revenues	<u>470,524</u>	<u>167,267</u>	<u>69,909</u>	<u>15,484</u>	<u>85,926</u>	<u>809,110</u>
Expenditures:						
Current -						
General Government	266,740	-	-	-	-	266,740
Public Safety	9,796	141,287	84,765	-	-	235,848
Public Works	112,807	-	-	-	101,012	213,819
Recreation and Cultural	-	-	-	117,372	-	117,372
Total Expenditures	<u>389,343</u>	<u>141,287</u>	<u>84,765</u>	<u>117,372</u>	<u>101,012</u>	<u>833,779</u>
Excess of revenues over (under) expenditures	<u>81,181</u>	<u>25,980</u>	<u>(14,856)</u>	<u>(101,888)</u>	<u>(15,086)</u>	<u>(24,669)</u>
Other Financing Sources (Uses):						
Transfers in	-	-	2,000	96,000	13,817	111,817
Transfers out	<u>(80,623)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,194)</u>	<u>(111,817)</u>
	<u>(80,623)</u>	<u>-</u>	<u>2,000</u>	<u>96,000</u>	<u>(17,377)</u>	<u>-</u>
Net change in Fund Balances	558	25,980	(12,856)	(5,888)	(32,463)	(24,669)
Fund Balances (Deficit) at beginning of year	<u>531,225</u>	<u>(72,700)</u>	<u>13,324</u>	<u>8,556</u>	<u>416,970</u>	<u>897,375</u>
Fund Balances (Deficit) at end of year	<u>\$ 531,783</u>	<u>\$(46,720)</u>	<u>\$ 468</u>	<u>\$ 2,668</u>	<u>\$ 384,507</u>	<u>\$ 872,706</u>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP

St. Clair County, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2006**

Net change in fund balances - total governmental funds	\$ (24,669)
Change in prepaid expenses recorded in the funds on the purchase method	(188)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	166,381
Depreciation expense	(56,417)
Loss on demolition of building	<u>(55,086)</u>
Change in net assets of governmental activities	<u><u>\$ 30,021</u></u>

The notes to the financial statements are an integral part of this statement.

BURTCHVILLE TOWNSHIP, MICHIGAN**St. Clair County, Michigan****STATEMENT OF NET ASSETS****WATER FUND****MARCH 31, 2006****ASSETS:****Current Assets:**

Cash and cash equivalents	\$ 417,097
Investments	200,000
Receivables	109,956
Due from other funds	16,124
Inventory	14,324
Total Current Assets	<u>757,501</u>

Restricted Assets:

Cash and cash equivalents	166,709
Investments	1,375,036
Deposits with St. Clair County DPW	30,330
Receivables -	
Special assessments	1,245,063
Connection fees	211,314
Interest	21,496
Total Restricted Assets	<u>3,049,948</u>

Property, Plant and Equipment:

Property, plant and equipment	9,840,925
Less - accumulated depreciation	(1,480,872)
Total Property, Plant and Equipment	<u>8,360,053</u>
(net of accumulated depreciation)	
Total Assets	<u>12,167,502</u>

LIABILITIES:**Current Liabilities:**

Accounts payable	<u>20,120</u>
------------------	---------------

Current Liabilities - Payable from restricted assets:

Accrued interest	72,741
Due to other governmental units	8,662
Current portion of contracts payable	265,000
Total Current Liabilities - Payable From Restricted Assets	<u>346,403</u>

Long-Term Liabilities - (net of current portion):

Contracts payable, net of current portion	<u>3,905,000</u>
Total Liabilities	<u>4,271,523</u>

NET ASSETS:

Investment in capital assets, net	4,190,053
Reserved construction/debt	2,968,545
Unrestricted	
Designated - System Improvements	151,851
Unreserved	585,530
Total Net Assets	<u>\$ 7,895,979</u>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
WATER FUND
FOR THE YEAR ENDED MARCH 31, 2006

Operating Revenues:

User charges	\$ 459,666
Turn on/off fees	8,794
Inspection fees	2,475
Other charges	14,563
Total Operating Revenues	<u>485,498</u>

Operating Expenses:

Salaries	64,582
Fringe benefits	21,804
Water purchases	160,527
Supplies	34,382
Professional fees	4,941
Contracted services	176
Utilities	8,834
Repairs and maintenance	4,526
Miscellaneous	26,641
Total Operating Expenses	<u>326,413</u>

Operating Income before depreciation	159,085
Depreciation/amortization	<u>(214,988)</u>
Operating Loss	<u>(55,903)</u>

Non-Operating Revenues (Expenses):

User charges - debt service	157,358
Interest earned on -	
Investments	84,406
Special assessments	71,540
Connection fees	15,175
Special assessments	62,927
Connection fees	59,025
Interest expense and fees for debt	<u>(180,841)</u>
	<u>269,590</u>

Net Income	213,687
Net Assets at beginning of year	<u>7,682,292</u>
Net Assets at end of year	<u><u>\$ 7,895,979</u></u>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

STATEMENT OF CASH FLOWS
WATER FUND
FOR THE YEAR ENDING MARCH 31, 2006

Cash Flow From Operating Activities:

Receipts from customers	\$ 468,398
Payments to suppliers	(239,214)
Payments to employees	(86,386)
Net Cash Provided by Operating Activities	<u>142,798</u>

Cash Flow From Capital and Related Financing Activities:

Bond payments -	
Principal	(285,000)
Interest	(182,716)
Special assessments/connection fees	358,455
User charges - debt service	157,358
Deposits with St. Clair County	(314)
Due to other governmental units	547
Net Cash Provided by Capital and Related Financing Activities	<u>48,330</u>

Cash Flow From Investing Activities:

Redemptions (purchase) of investments	(575,036)
Interest earned	244,600
Net Cash Used from Investing Activities	<u>(330,436)</u>
Net decrease in cash and cash equivalents for the fiscal year	(139,308)
Cash and Cash Equivalents at beginning of fiscal year	<u>723,114</u>
Cash and Cash Equivalents at end of fiscal year	<u><u>\$ 583,806</u></u>

Reconciliation of operating loss to net cash provided

by operating activities:

Operating loss for the fiscal year	\$(55,903)
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation and amortization	214,988
Changes in assets and liabilities -	
(Increase) Decrease in -	
Receivables	(17,100)
Inventory	2,098
(Decrease) in -	
Payables	(1,285)
Net Cash Provided by Operating Activities	<u><u>\$ 142,798</u></u>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan

STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2006

	Agency Fund
	<hr/>
ASSETS:	
Cash and cash equivalents	\$ 4,023
	<hr/> <hr/>
LIABILITIES:	
Due to other governmental units	\$ 4,023
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

Burtchville Township, Michigan, was organized as a Township in 1842. The Township is one of twenty-three (23) Townships in St. Clair County and covers an area of approximately 18 square miles. The Township operates under an elected Township Board which consists of the Supervisor, Clerk, Treasurer and two Trustees, and provides services to its more than 3,900 residents in many areas including fire protection, water, roads, cemetery, public safety and recreation.

B. Government-wide and fund financial statements -

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation -

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are intended to finance (the December 2005 levy in the year ended March 31, 2006). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment are recorded only when payment is due.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied and collected in December of each year, are budgeted and treated as revenue in the subsequent year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

General Fund – is the Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Fund – is a special revenue fund used to account for taxes and other related revenues restricted for fire service of the Township.

Building Inspections Fund – is a special revenue fund used to account for fees collected for building construction code enforcement activities.

Parks and Recreation Fund – is a special revenue fund used to account for expanding and improving the Township park.

The Township reports the following major proprietary fund:

Water Fund – is used to account for the purchase and distribution of water services to residential and commercial users.

Additionally, the Township reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulation provisions or administrative actions.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Agency Fund – is used to account for assets held by the Township as an agent for other governments and other funds.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for this business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses for nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principle on-going operations. The principle operating revenues of the Enterprise Fund are charges to customers for sale and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, the unrestricted resources, as they are needed.

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments –

The Township's cash and cash equivalents are considered to be cash on hand and demand deposits. The investment trusts have the general characteristics of demand deposit accounts in that the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty, and are reported as cash and cash equivalents.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonable approximates fair value.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Receivables and Payables –

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible.

Inventories and Prepaid Items –

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to further accounting periods and are recorded as prepaid items in the statement of net assets.

Property Tax Calendar –

The Township’s property tax is levied each December 1 on the taxable value of property located in the Township as if the proceeding December 31. Property taxes are recognized as revenues in the year they were intended to finance. The December 2005 levy is recognized as revenue for the year ended March 31, 2006.

The Township also collects taxes for various other municipalities and school districts. The collection and remittance of these taxes are accounted for in the Tax Collection Fund.

Capital Assets –

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Property, plant, and equipment of the primary government, is depreciated using the straight line method over the following estimated useful lives:

	<u>Primary Government</u>
Land improvements	10-20
Buildings and improvements	20-50
Utility systems	50
Machinery and equipment	3-20

Long-Term Obligations –

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity –

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates –

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information –

The Township Supervisor prepares and submits the proposed operating budgets for the year commencing April 1. The budgets include proposed expenditures and resources to finance them.

Prior to March 31, the proposed budget is presented to the Township Board. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Township Resolution. After the budget is adopted, all amendments must be approved by the Township Board.

The Township's approved budgets were adopted at the department level for the General Fund and the function level (second position representing major program area) for the Special Revenue Funds.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

During the fiscal year ended March 31, 2006, the Township incurred expenditures in the General Fund which were in excess of the amount appropriated as follows:

<u>Function/Activity</u>	<u>Total Appropriations</u>	<u>Amount Expended</u>	<u>Budget Variance</u>
General Fund –			
Public Works	\$ 112,200	\$ 112,807	\$ 607
Transfers Out	41,000	80,623	39,623

Deficit Fund Balance –

As of March 31, 2006, the Fire Capital Fund (Special Revenue Fund) of the Township had a deficit fund balance of \$46,720. The deficit is a result of a new fire truck being purchased with an advance from the General Fund, which will be repaid over the next six years from the fire tax millage.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 3 - DEPOSITS AND INVESTMENTS:

As of March 31, 2006, the carrying amount of the deposits and investments is as follows:

	Primary Government	Fiduciary Fund	Total
Deposits -			
Cash on hand –			
Petty Cash	\$ 400	\$ -	\$ 400
Deposits with Financial Institutions -			
Checking/Money Market	1,018,117	4,023	1,022,140
Savings/Certificates of Deposit	<u>2,027,683</u>	<u>-</u>	<u>2,027,683</u>
Total Deposits	<u>\$ 3,046,200</u>	<u>\$ 4,023</u>	<u>\$ 3,050,223</u>
Reconciliation To Combined Balance Sheet			
Reported as Cash and Cash Equivalents -			
Petty Cash	\$ 400	\$ -	\$ 400
Cash in Checking/Money Market	<u>1,018,117</u>	<u>4,023</u>	<u>1,022,140</u>
Total Cash and Cash			
Equivalents	1,018,517	4,023	1,022,540
Reported as Investments -			
Certificates of Deposit	<u>2,027,683</u>	<u>-</u>	<u>2,027,683</u>
Grand Total Combined Balance Sheet	<u>\$ 3,046,200</u>	<u>\$ 4,023</u>	<u>\$ 3,050,223</u>

The Township's investment policy primary objectives, in order of priority, are safety, return on investment liquidity, and diversification. The Township Treasurer is responsible for the investment program.

Custodial Credit Risk – is the risk that in the event of a bank failure, the Township's deposit or investments may not be returned. The Township investment policy does not address credit risk.

Interest Rate Risk – is the risk that in the event that the market value of securities in the Township portfolio will fall due to changes in the market interest increases. The Township attempts to minimize interest rate by maintaining liquidity to meet all operating requirements without the need to sell securities prior to maturity and investing operating funds primarily in short-term securities, money markets mutual funds, or similar public investment pools. The Township's investments have the following range of maturity dates:

Investment Type	Fair Value	Maturity (Years)		
		<1	1-3	3-5
Certificates of Deposit	\$ 2,027,683	\$ 400,000	\$ 1,580,310	\$ 47,373

Credit Risk – is the risk that in an issuer or other counterparty to an investment will not fulfill its obligation. State laws and Township policy limit the types of investments the Township can purchase.

Concentration of Credit Risk – is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township's policy specifies that investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 3 - DEPOSITS AND INVESTMENTS – (cont'd):

Deposits –

The Township's investment policy and Act 217 PA 1982, as amended, authorizes the Township to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured institution for savings and demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000.

As of March 31, 2006 the bank balance of the Township's deposits were \$3,080,349 of which \$269,078 was FDIC insured with the balance \$2,811,271 exposed to credit risk because they are uninsured and uncollateralized.

Investments –

Act 20 PA 1994 as amended by Act 1997 PA 1999 authorizes the Township to invest surplus funds in bonds, securities and other direct obligations or repurchase agreements consisting of these financial instruments of the United States government or an agency or instrumentality of the United States; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grades by not less than one standard rating service, mutual funds registered under the investment company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 3657, 129.111 to 129.118; investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 4 – TAXES:

The Township property taxes are levied each December on the assessed valuation of the property located in the Township as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the following February.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 4 – TAXES – (cont'd):

Assessed values are established annually by the Township and are equalized by the State at an estimated percentage of the current market value. Real and personal property in the Township for the 2005 levy has a State Equalized Value (SEV) of \$182,630,694 and a taxable value of \$118,413,157.

The millage rates levied by the Township were .6851 for General Operating, .4766 for the Blue Water Area Transportation service and .9093 for Fire protection.

The County of St. Clair has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year.

NOTE 5 - RECEIVABLES:

Receivables in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Special Assessments	\$ -	\$ 1,245,063
Connection Fees	-	211,314
Accounts and Interest	45,265	131,452
Intergovernmental	<u>45,079</u>	<u>-</u>
	<u>\$ 90,344</u>	<u>\$ 1,587,829</u>

Governmental fund report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned or are received in advance of the period they are intended to finance. At the end of the current fiscal year the components of deferred revenue and unearned revenue reported in the governmental funds was as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Parks and Recreation Fund - Grants received by the Township not expended at March 31, 2006	<u>\$ -</u>	<u>\$ 56,000</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of March 31, 2006:

Due to/From Other Funds –

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Parks and Recreation	General Fund	\$ 25,000
	Building Inspections	3,000

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – (cont'd):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Operating Fund	General	\$ 2,192
Debt Retirement Fund	General	13,932
Cemetery Fund	Cemetery Perpetual Care	<u>1,000</u>
		<u>\$ 45,124</u>
Transfers From/To Other Funds –		
<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Cemetery	General Fund	\$ 12,623
	Cemetery Perpetual Care	1,194
Parks & Recreation	Public Improvement	30,000
	General Fund	66,000
Building Inspector	General Fund	<u>2,000</u>
		<u>\$ 111,817</u>

NOTE 7 - INTERFUND ADVANCES:

Interfund advances described as Advances To/From other fund, reflect long-term amounts due or owed to a particular fund by another fund of the township. These amounts include current portion of long-term loans. A summary of these balances at March 31, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Fund	<u>\$ 151,652</u>

NOTE 8 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the Township for the year ended March 31, 2006 was as follows:

	April 1, 2005 <u>Balance</u>	<u>Additions</u>	Deletions/ <u>Adjustments</u>	March 31, 2006 <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 50,406	\$ -	\$ -	\$ 50,406
Construction in progress	<u>-</u>	<u>82,172</u>	<u>-</u>	<u>82,172</u>
Total capital assets not being depreciated	<u>50,406</u>	<u>82,172</u>	<u>-</u>	<u>132,578</u>
Capital assets, being depreciated:				
Land improvements	151,301	-	-	151,301
Buildings and improvements	696,575	10,621	125,195	582,001
Machinery and equipment	<u>777,604</u>	<u>73,588</u>	<u>-</u>	<u>851,192</u>
Total capital assets being depreciated	<u>1,625,480</u>	<u>84,209</u>	<u>125,195</u>	<u>1,584,494</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 8 - CAPITAL ASSETS – (cont'd):

	April 1, 2005 <u>Balance</u>	<u>Additions</u>	Deletions/ <u>Adjustments</u>	March 31, 2006 <u>Balance</u>
Less accumulated depreciation for:				
Land improvements	\$ 26,138	\$ 9,615	\$ -	\$ 35,753
Building and improvements	238,486	13,212	70,109	181,589
Machinery and equipment	<u>267,031</u>	<u>33,590</u>	<u>-</u>	<u>300,621</u>
Total accumulated depreciation	<u>531,655</u>	<u>56,417</u>	<u>70,109</u>	<u>517,963</u>
 Total capital assets being depreciated, net	 <u>1,093,825</u>	 <u>27,792</u>	 <u>55,086</u>	 <u>1,066,531</u>
 Governmental activities capital assets, net	 <u>\$ 1,144,231</u>	 <u>\$ 109,964</u>	 <u>\$ 55,086</u>	 <u>\$ 1,199,109</u>
Business Type Activities:				
Capital assets, being depreciated:				
Utility systems	\$ 9,795,689	\$ -	\$ -	\$ 9,795,689
Equipment	<u>45,236</u>	<u>-</u>	<u>-</u>	<u>45,236</u>
Total capital assets being depreciated	<u>9,840,925</u>	<u>-</u>	<u>-</u>	<u>9,840,925</u>
Less accumulated depreciation for:				
Utility systems	1,243,102	196,181	-	1,439,283
Equipment	<u>40,859</u>	<u>730</u>	<u>-</u>	<u>41,589</u>
Total accumulated depreciation	<u>1,283,961</u>	<u>196,911</u>	<u>-</u>	<u>1,480,872</u>
 Business activities capital assets being depreciated, net	 <u>\$ 8,556,964</u>	 <u>\$ (196,911)</u>	 <u>\$ -</u>	 <u>\$ 8,360,053</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 13,880
Public Safety	26,917
Recreation and Culture	<u>15,620</u>
 Total depreciation expense-governmental activities	 <u>\$ 56,417</u>
 Business-type activities:	
Water and Sewer Operation	<u>\$ 196,911</u>

NOTE 9 - LONG-TERM DEBT:

The following is a summary of changes in long-term liabilities (including current portion) for the year ended March 31, 2006:

	Balance <u>April 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>March 31, 2006</u>	Due Within <u>One Year</u>
Business-type Activities:					
2000 General Obligation Bonds	\$ 1,950,000	\$ -	\$ 75,000	\$ 1,875,000	\$ 75,000
2004 General Obligation Bonds	2,740,000	-	210,000	2,530,000	190,000
Deferred Amounts for Refunding					
Loss	(253,077)	-	(18,077)	(235,000)	-
	<u>\$ 4,436,923</u>	<u>\$ -</u>	<u>\$ 266,923</u>	<u>\$ 4,170,000</u>	<u>\$ 265,000</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 9 – LONG-TERM DEBT – (cont'd):

St. Clair County has issued General Obligation Bonds to cover the cost of constructing a Water Supply System in Burtchville Township.

Pursuant to provisions of Act 185, Public Acts of Michigan, 1957 as amended, the County and the Township have entered into contracts, whereby the Township has agreed to pay to the County amounts sufficient to pay the principal of and interest on the bonds as they become due and payable.

In order to pay such amounts to the County, the Township is obligated, to the extent necessary to levy add valorem taxes without limitation as to the rate or amount on all taxable property listed in the Township. It is the intention of the Township Board to pay the obligations to the County from special assessments, connection fees, and user charges. Upon final payment of the contract, ownership of the system reverts to the Township.

\$2,225,000 Water Supply System No. IX –
Series 2000 bond, dated July 1, 2000, due in
annual installments ranging from \$75,000 to
\$200,000 through November 1, 2019; interest
ranging from 4.5 to 6.0 percent \$ 1,875,000

The 2004 \$2,740,000 Water Supply System
No. IX Bonds, dated February 10, 2004, were
Issued to partially refund the 1996 Water
Supply System No. IX Bonds, dated February 1,
1996 and the 1998 Water Supply System No. IX
Bonds, dated February 1, 1998. The 2004 bonds
Are due in annual installments ranging from
\$180,000 to \$275,000 through November 1, 2016;
interest ranging from 2.0 to 5.0 percent. 2,530,000
\$ 4,405,000

Annual Debt Requirements:

The annual requirements to pay the debt principal and interest outstanding at March 31, 2006, are as follows:

	Business-Type Activities	
	G.O. Bonds	
	Principal	Interest
2007	\$ 265,000	\$ 174,578
2008	255,000	166,278
2009	315,000	159,303
2010	375,000	149,965
2011	360,000	138,490
2012-2016	1,870,000	462,863
2017-2020	<u>965,000</u>	<u>108,803</u>
	<u>\$ 4,405,000</u>	<u>\$ 1,360,280</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 10 – WATER SUPPLY SYSTEM AGREEMENT:

Burtchville Township does not own a water filtration plant. Under an agreement dated July 24, 1996, the Township agreed to purchase its present and future water requirements from the St. Clair County Department of Public Works. The County in turn amended its contract with the Detroit Water Board to supply the Township water needs.

NOTE 11 – RESTRICTED ASSETS:

The restricted assets of \$64,300 in the Cemetery Perpetual Care Fund are for perpetual care of the cemetery. The restricted assets of \$3,049,948 in the Water Fund are for capital improvements/debt retirement.

NOTE 12 – RESERVED/DESIGNATED FUND BALANCE/RETAINED EARNINGS:

Reserved Fund Balance/Retained Earnings –

Fund Balance/Retained Earnings has been reserved in the various fund types to indicate that a portion of the Fund Balance/Retained Earnings is not available but reserved for specific purposes:

<u>Fund Type/Fund</u>	<u>Description</u>	<u>Amount</u>
Fund Balance –		
General Fund	Advance to other fund	\$ 151,652
Cemetery Perpetual Care Fund	Cemetery Perpetual Care	<u>63,300</u>
		<u>\$ 214,952</u>
Retained Earnings –		
Water Fund	Debt Retirement	<u>\$ 2,968,545</u>

Designated Retained Earnings –

The Township Board has the power to designate or set aside all or a portion of Unreserved Retained Earnings for specific purposes. At March 31, 2006 \$151,851 was designated in the Water Fund for System Improvement / Equipment Replacement.

NOTE 13 – RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees, medical benefits provided to employees, etc. The Township has purchased insurance coverage for each of these types of losses; however, would be responsible should limit of coverages be exceeded.

REQUIRED SUPPLEMENTARY INFORMATION

BURTCHVILLE TOWNSHIP**St. Clair County, Michigan****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 78,137	\$ 78,137	\$ 82,027	\$ 3,890
Licenses and permits	20,000	20,000	22,108	2,108
Intergovernmental - State	273,500	273,500	275,235	1,735
Charges for services	55,370	55,370	62,054	6,684
Interest and rent	2,000	2,000	16,811	14,811
Other	1,500	1,500	12,289	10,789
Total Revenues	<u>430,507</u>	<u>430,507</u>	<u>470,524</u>	<u>40,017</u>
Expenditures:				
General Government -				
Legislative	8,470	8,470	6,955	1,515
Supervisor	15,200	15,200	14,533	667
Clerk	24,202	24,202	23,890	312
Treasurer	19,060	19,160	19,146	14
Assessor	19,575	19,575	17,896	1,679
Board of Review	1,285	1,285	1,149	136
Election	10,850	10,850	931	9,919
General Expenses	215,129	215,529	182,240	33,289
	<u>313,771</u>	<u>314,271</u>	<u>266,740</u>	<u>47,531</u>
Public Safety -				
Building Enforcement	2,710	2,710	1,292	1,418
Planning Commission	23,100	23,100	7,887	15,213
Zoning Board of Appeals	1,050	1,050	617	433
	<u>26,860</u>	<u>26,860</u>	<u>9,796</u>	<u>17,064</u>
Public Works -				
Roads and Drains	85,000	85,000	85,681	(681)
Street Lighting	27,000	27,200	27,126	74
	<u>112,000</u>	<u>112,200</u>	<u>112,807</u>	<u>(607)</u>
Total Expenditures	<u>452,631</u>	<u>453,331</u>	<u>389,343</u>	<u>63,988</u>
Excess of revenues over (under) expenditures	(22,124)	(22,824)	81,181	104,005
Other Financing Uses:				
Transfers out	(41,000)	(41,000)	(80,623)	(39,623)
Net change in Fund Balance	(63,124)	(63,824)	558	64,382
Fund Balance at beginning of year	<u>531,225</u>	<u>531,225</u>	<u>531,225</u>	-
Fund Balance at end of year	<u>\$ 468,101</u>	<u>\$ 467,401</u>	<u>\$ 531,783</u>	<u>\$ 64,382</u>

BURTCHVILLE TOWNSHIP**St. Clair County, Michigan****FIRE CAPITAL FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 103,046	\$ 103,046	\$ 108,357	\$ 5,311
Intergovernmental - Federal	55,000	55,000	56,366	1,366
Interest	2,000	2,000	8	(1,992)
Other revenue	-	-	2,536	2,536
Total Revenues	<u>160,046</u>	<u>160,046</u>	<u>167,267</u>	<u>7,221</u>
Expenditures:				
Public Safety	<u>173,637</u>	<u>173,637</u>	<u>141,287</u>	<u>32,350</u>
Excess of revenues over (under) expenditures	(13,591)	(13,591)	25,980	39,571
Fund Balance (Deficit) at beginning of year	<u>(72,700)</u>	<u>(72,700)</u>	<u>(72,700)</u>	<u>-</u>
Fund Balance (Deficit) at end of year	<u><u>\$ (86,291)</u></u>	<u><u>\$ (86,291)</u></u>	<u><u>\$ (46,720)</u></u>	<u><u>\$ 39,571</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN**St. Clair County, Michigan****BUILDING INSPECTIONS FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits -				
Building permits	\$ 36,000	\$ 36,000	\$ 36,408	\$ 408
Electrical permits	15,000	15,000	13,800	(1,200)
Plumbing and mechanical permits	20,000	20,000	19,522	(478)
Interest	200	200	179	(21)
Total Revenues	<u>71,200</u>	<u>71,200</u>	<u>69,909</u>	<u>(1,291)</u>
Expenditures:				
Public Safety -				
Building inspection	26,925	36,925	35,879	1,046
Electrical inspection	13,085	13,085	10,350	2,735
Plumbing inspection	18,500	18,500	19,492	(992)
Administrative expense	19,075	19,075	19,044	31
Total Expenditures	<u>77,585</u>	<u>87,585</u>	<u>84,765</u>	<u>2,820</u>
Excess of revenues over (under) expenditures	(6,385)	(16,385)	(14,856)	1,529
Other Financing Sources				
Transfers in	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Excess of revenues and other sources over (under) expenditures	(6,385)	(16,385)	(12,856)	3,529
Fund Balance at beginning of year	<u>13,324</u>	<u>13,324</u>	<u>13,324</u>	<u>-</u>
Fund Balance (Deficit) at end of year	<u>\$ 6,939</u>	<u>\$(3,061)</u>	<u>\$ 468</u>	<u>\$ 3,529</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Intergovernmental -				
State	\$ 196,980	\$ 196,980	\$ -	\$(196,980)
Local	14,000	14,000	15,001	1,001
Interest	600	600	483	(117)
Other	86,000	86,000	-	(86,000)
	<u>297,580</u>	<u>297,580</u>	<u>15,484</u>	<u>(282,096)</u>
Expenditures:				
Recreation and Cultural	<u>360,075</u>	<u>372,075</u>	<u>117,372</u>	<u>254,703</u>
Excess of revenues under expenditures	(62,495)	(74,495)	(101,888)	(27,393)
Other Financing Sources:				
Transfers in	<u>65,000</u>	<u>106,000</u>	<u>96,000</u>	<u>(10,000)</u>
Excess of revenues and other sources over (under) expenditures	2,505	31,505	(5,888)	(37,393)
Fund Balance at beginning of year	<u>8,556</u>	<u>8,556</u>	<u>8,556</u>	<u>-</u>
Fund Balance (Deficit) at end of year	<u>\$ 11,061</u>	<u>\$ 40,061</u>	<u>\$ 2,668</u>	<u>\$(37,393)</u>

OTHER SUPPLEMENTARY INFORMATION

BURTCHVILLE TOWNSHIP, MICHIGAN**St. Clair County, Michigan**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2006**

	<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	
	<u>Cemetery</u>	<u>Blue Water Area Transportation</u>	<u>Public Improvement</u>	<u>Cemetery Perpetual Care</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 5,735	\$ 14,602	\$ 16,502	\$ -	\$ 36,839
Investments	-	50,000	225,000	-	275,000
Receivables -					
Taxes	-	6,371	-	-	6,371
Interest	-	956	2,574	-	3,530
Due from other funds	1,000	-	-	-	1,000
Restricted Assets-					
Cash and cash equivalents	-	-	-	6,988	6,988
Investments	-	-	-	47,373	47,373
Interest receivable	-	-	-	9,939	9,939
	<u>\$ 6,735</u>	<u>\$ 71,929</u>	<u>\$ 244,076</u>	<u>\$ 64,300</u>	<u>\$ 387,040</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 1,533	\$ -	\$ -	\$ -	\$ 1,533
Due to other funds	-	-	-	1,000	1,000
	<u>1,533</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>2,533</u>
Fund Balances:					
Reserved -					
Perpetual Care	-	-	-	63,300	63,300
Unreserved -					
Undesignated (Deficit)	5,202	71,929	244,076	-	321,207
	<u>5,202</u>	<u>71,929</u>	<u>244,076</u>	<u>63,300</u>	<u>384,507</u>
	<u>\$ 6,735</u>	<u>\$ 71,929</u>	<u>\$ 244,076</u>	<u>\$ 64,300</u>	<u>\$ 387,040</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	
	<u>Cemetery</u>	<u>Blue Water Area Transportation</u>	<u>Public Improvement</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
Revenues:					
Taxes	-	\$ 56,130	-	-	\$ 56,130
Charges for services	16,947	-	-	-	16,947
Interest	1,169	1,786	6,128	2,880	11,963
Other revenue	-	-	-	886	886
	<u>18,116</u>	<u>57,916</u>	<u>6,128</u>	<u>3,766</u>	<u>85,926</u>
Expenditures:					
Public Works	<u>28,679</u>	<u>72,333</u>	<u>-</u>	<u>-</u>	<u>101,012</u>
Excess of revenues over (under) expenditures	<u>(10,563)</u>	<u>(14,417)</u>	<u>6,128</u>	<u>3,766</u>	<u>85,926</u>
Other Financing Sources (Uses):					
Transfers in	13,817	-	-	-	13,817
Transfers out	-	-	(30,000)	(1,194)	(31,194)
	<u>13,817</u>	<u>-</u>	<u>(30,000)</u>	<u>(1,194)</u>	<u>(17,377)</u>
Excess of revenues and other sources over (under) expenditures and other uses	3,254	(14,417)	(23,872)	2,572	(32,463)
Fund Balance at beginning of year	<u>1,948</u>	<u>86,346</u>	<u>267,948</u>	<u>60,728</u>	<u>416,970</u>
Fund Balances (Deficit) at end of year	<u>\$ 5,202</u>	<u>\$ 71,929</u>	<u>\$ 244,076</u>	<u>\$ 63,300</u>	<u>\$ 384,507</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Charges for services -				
Sale of lots	\$ 2,000	\$ 2,000	\$ 7,125	\$ 5,125
Grave openings	6,500	6,500	9,822	3,322
Interest	2,300	2,300	1,169	(1,131)
	<u>10,800</u>	<u>10,800</u>	<u>18,116</u>	<u>7,316</u>
Expenditures:				
Public Works				
Salaries and fringes	796	796	431	365
Contracted services	5,000	5,000	6,520	(1,520)
Utilities	1,600	1,600	1,406	194
Repairs and maintenance	12,000	16,000	15,522	478
Supplies	100	100	19	81
Capital outlay	8,000	8,000	4,381	3,619
Miscellaneous	625	625	400	225
	<u>28,121</u>	<u>32,121</u>	<u>28,679</u>	<u>3,442</u>
Excess of revenues over (under) expenditures	(17,321)	(21,321)	(10,563)	10,758
Other Financing Sources:				
Transfers in	<u>17,700</u>	<u>17,700</u>	<u>13,817</u>	<u>(3,883)</u>
Excess of revenues and other sources over (under) expenditures	379	(3,621)	3,254	6,875
Fund Balance at beginning of year	<u>1,948</u>	<u>1,948</u>	<u>1,948</u>	<u>-</u>
Fund Balance (Deficit) at end of year	<u>\$ 2,327</u>	<u>\$(1,673)</u>	<u>\$ 5,202</u>	<u>\$ 6,875</u>

BURTCHVILLE TOWNSHIP, MICHIGAN**St. Clair County, Michigan**

**BLUE WATER TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 54,000	\$ 54,000	\$ 56,130	\$ 2,130
Interest	1,000	1,000	1,786	786
	<u>55,000</u>	<u>55,000</u>	<u>57,916</u>	<u>2,916</u>
Expenditures:				
Public Works	<u>75,000</u>	<u>75,000</u>	<u>72,333</u>	<u>2,667</u>
Excess of revenues under expenditures	(20,000)	(20,000)	(14,417)	5,583
Fund Balance at beginning of year	<u>86,346</u>	<u>86,346</u>	<u>86,346</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 66,346</u>	<u>\$ 66,346</u>	<u>\$ 71,929</u>	<u>\$ 5,583</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

PUBLIC IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Interest	\$ 3,000	\$ 3,000	\$ 6,128	\$ 3,128
Expenditures:				
Other	<u>25</u>	<u>25</u>	<u>-</u>	<u>25</u>
Excess of revenues over expenditures	2,975	2,975	6,128	3,153
Other Financing Uses:				
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(30,000)</u>	<u>35,000</u>
Excess of revenues over (under) expenditures and other financing uses	(62,025)	(62,025)	(23,872)	38,153
Fund Balance at beginning of year	<u>267,948</u>	<u>267,948</u>	<u>267,948</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 205,923</u></u>	<u><u>\$ 205,923</u></u>	<u><u>\$ 244,076</u></u>	<u><u>\$ 38,153</u></u>

FIDUCIARY FUND

BURTCHVILLE TOWNSHIP

**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - CURRENT TAX FUND
FOR THE YEAR ENDED MARCH 31, 2006**

	Balance April 1, 2005	Additions	Reductions	Balance March 31, 2006
Assets:				
Cash and cash equivalents	<u>\$ 4,480</u>	<u>\$ 2,956,598</u>	<u>\$ 2,957,055</u>	<u>\$ 4,023</u>
Liabilities:				
Due to other governmental funds	<u>\$ 4,480</u>	<u>\$ 2,956,598</u>	<u>\$ 2,957,055</u>	<u>\$ 4,023</u>

To the Members of the Township Board
Burtchville Township
St. Clair County, Michigan

In planning and performing our audit, we considered Burtchville Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Reportable conditions are described below:

All permits should be prenumbered and collected at the Township hall.

At the current time the permits issued are not prenumbered nor is the sequence of the permits accounted for on a routine basis. To increase controls we recommend that all permits be prenumbered and periodically reconciled by a person not involved in the issuing receipting process.

In addition, the plumbing/mechanical inspector currently issues plumbing and mechanical permits. To increase controls over these permits we recommend that the Township hall issue all permits.

This report is intended for the information and use of management and the Township Board of Burtchville Township, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Stewart, Beauvais & Whipple".

May 11, 2006